

City of Wichita Budget Development Calendar**1995/96 OPERATING BUDGET****and 1995-2004 CAPITAL IMPROVEMENT PROGRAM (CIP)**

Date	Action
March 4	CIP project request forms forwarded to City departments/divisions. Requests for CIP proposals sent to City Council, CPOs, and other groups.
March and April	CPO Input received for 1995-2004 CIP.
Late March	Financial Plan distributed to City Council.
April 25 - 28	CPO Input received for 1995/96 operating budget.
April 8	Departmental budget submittals due in Finance Department.
April 22	City departments, CPOs, outside agencies submit CIP requests to Budget Office.
May 4 - May 18	Budget Review Cabinet meets on 1995/96 operating budget.
May 26	CIP Administrative Committee begins 1995-2004 program review.
May 25 - June 10	City Manager reviews the 1995/96 operating budget.
May 30 (Monday)	Memorial Day holiday.
July 1	Distribution of City Manager's Proposed 1995/96 annual operating budget. City-County budget distributed to county administrators.
July 4 (Monday)	Independence Day Holiday.
July 5	Informal hearing on 1995/96 operating budget.
July 11	Draft CIP recommendations presented to City Manager.
July 12	Informal hearing on the 1995/96 operating budget.
July 12 or 13	En banc hearing on the jointly funded City-County budgets.
July 19	Informal hearing on the 1995/96 operating budget.
July 26	Informal hearing on the 1995/96 operating budget. City Council fixes levy, authorizes publication notice on 1995 operating budget.
July 29	Last day for publication of notice of final hearing on 1995 operating budget.
August 2	Informal hearing on the 1995/96 operating budget.
August 9	City Council formal hearing and adoption of the 1995 operating budget.
August 25	Last day for filing levies and 1995 budget with Sedgwick County Clerk.
November	Distribution of City Manager's Proposed CIP.

DIRECTORY

CITY COUNCIL MEMBERS		Phone	OFFICE
Elma Broadfoot	Mayor	268-4331	455 N. Main
George Rogers	Vice Mayor (I)	268-4331	455 N. Main
Sheldon Kamen	Council Member (II)	268-4331	455 N. Main
Bill Cather	Council Member (III)	268-4331	455 N. Main
Stan Reeser	Council Member (IV)	268-4331	455 N. Main
Gregory M. Ferris	Council Member (V)	268-4331	455 N. Main
Joan Cole	Council Member (VI)	268-4331	455 N. Main
CITY OFFICES		PHONE	KEY STAFF
City Manager	268-4351	Chris Cherches, City Manager	
Airport	946-4700	Bailis Bell, Director of Airports	
Art Museum	268-4921	Inez Wolins, Director of Art Museum	
Central Inspection	268-4461	Kurt A. Schroeder, Acting Superintendent	
Century II/Expo Hall	268-9121	Jim Hess, Century II Director	
Citizen Participation	268-4351	Paul Steinbrenner, Assistant City Manager	
Data Center	268-4318	Kathy Erskin, Actg. Data Center Director	
Finance	268-4434	Ray Trail, Director of Finance	
Fire	268-4451	Larry Garcia, Fire Chief	
Health	268-8401	Larry Jecha, M.D., M.P.H., Director of Health	
Human Services	268-4691	Earline Wesley, Dir. of Human Services	
Law	268-4681	Gary Rebenstorf, City Attorney	
Library	262-0611	Richard Rademacher, Director of Libraries	
Metropolitan Transit	265-1450	Michael P. Melaniphy, General Manager	
Municipal Court	268-4611	Diane M. Nusbaum, Court Administrator	
Park	268-4361	Frank Smith, Director of Park Department	
Personnel	268-4531	Lynette Wolfe, Personnel Director	
Planning	268-4421	Marvin Krout, Director of Planning	
Police	268-4158	Rick Stone, Chief of Police	
Public Works	268-4497	Steve Lackey, Director of Public Works	
Water and Sewer	268-4515	David Warren, Director of Water and Sewer	

A GUIDE TO THE BUDGET PROCESS

Nearly all policies and actions of the City of Wichita are related to resource allocation. Central to the allocation process is the development of a financial plan, the annual operating budget, and the capital improvement program budget.

As the budget development calendar on the preceding page indicates, the 1995-1999 Financial Plan was prepared and distributed, and became the basis for many funding assumptions in the 1995/96 Annual Budget document.

The Budget Cycle

The City of Wichita utilizes a two-year, rotating budget cycle, meaning that annually, revenue and expenditure budgets are prepared, by fund, and revised for the next two calendar years. In the process completed in August, 1994, the City Council approved a revised expenditure plan for the 1994 adopted budget, adopted a 1995 budget, and approved a 1996 budget.

In accordance with state law, however, the City submitted, for certification, only the 1995 annual budget. Also, the expenditure authority in several 1994 revised funds was increased, thus requiring recertification for them.

While the City was developing the annual operating budget, a parallel process was taking place with respect to the capital improvement program (CIP). Near the end of 1994, the proposed CIP is scheduled to be presented, outlining the

City's ten-year program for planned capital projects and the means of financing them.

Each year, the budget calendar follows this general plan:

January - early March: Revenues are projected and trends, analyzed. Financial Plan is developed and presented.

March - June: Financial Plan assumptions and budget targets are communicated to Department Directors. Early input is received from the Citizen Participation Organization. Operating and capital budgets are developed and reviewed by City Finance/Budget staff, and by the Budget Review Cabinet (consisting of senior City staff). The City Manager conducts a final review, makes final changes, and prepares the budget policy message. At the same time, department staff are also developing proposals for the capital improvement program.

Early July: The City Manager's recommended operating budget is presented to the City Council.

July - August: Public hearings are held weekly on the operating budget and at special meetings and workshops. City staff members respond to requests for presentations from the Citizen Participation Organization and other groups.

Mid August: Final hearing and formal adoption of the operating budget occurs in mid-August, after a ten-day notice of hearing has been published in the official newspaper. Beyond this publication, the budgeted expenditures for each fund may not be increased, although other changes may be enacted.

August 25: Certification of the operating budget (in effect, operating budgets for each fund) is made to the state of Kansas.

November: The capital improvement program is presented and comments received. By the end of the year, the CIP is presented to the City Council. The capital improvement program process is explained in greater detail in this document, in the section titled "Debt Service Fund and Capital Projects."

Budget Revisions, Amendments, and Adjustments

Revisions

A process to revise the adopted budget is started early in the operating year and continues concurrently with developing the financial plan and next year's operating budget. Revisions are based on better information for revenue and expenditure estimates. In addition, the revisions ensure that the planned programs and service levels conform to new City Council policies.

Budget Amendments

Under Kansas law, the City Council may amend an adopted budget during a current operating year, if unforeseen circumstances create a need to increase the expenditure authority of a fund or budget. A ten-day official notice is given, and a public hearing is held before the City Council.

Budget Adjustments

During the operating year, budget adjustments \$10,000 and under are made within funds administratively, as costs of carrying out programs become better

known. Budget adjustments of more than \$10,000, or adjustments that change the intent of a program expenditure, are brought to the City Council for action.

State Laws and Accounting Practice

As is evident from the foregoing, the operating budget process is governed by statutes of the state of Kansas. Among other provisions, the budget law states that cities must

- prepare annual, itemized budgets,
- account for the prior, current, and ensuing years in specific ways,
- stay within the tax limits for operating and debt funds, maintain limited fund balances,
- hold a formal hearing, with appropriate publication and notice,
- complete the process and submit the budget by August 25, and
- not exceed adopted expenditure authority without approval through a formal amendment process.

The cash-basis law further provides that cities may not pay any obligation in excess of the amount of funds actually on hand in the treasury at the time for the indicated purpose.

Under state law, and according to accepted accounting practice, accounts of the City are organized by funds and groups of accounts. This means that

- each fund in fact is a budget and for accounting purposes has its own set of revenues and expenditures, which must balance,

- expenditures within each fund are limited to the specific purposes of that fund, and
- resources or revenues in excess of current expenditures are not available for expenditures in other funds.

For the statutes, as well as the Summary of Significant Accounting Policies and Description of Funds, see the "Other Information" section following the fund summaries in this document.

Factors Influencing the Budget Development Process.

The amount of available funding determines much of the budget process. Since future revenues cannot be known for certain, the framework for the whole budget development process in effect is built upon assumptions about the City's economic and financial future.

Revenue Projections

The first step in the budget development process is for City staff to project revenues. Trends in the performance of each source are studied, and economic conditions and events which could alter the projections are considered.

By March of a new budget season, the best assumptions about many future revenue sources must be "put on the table." These become the basis of each fund's projection in the financial plan.

Among the factors affecting revenues are weather conditions (especially important for electric, gas and water utility franchise taxes), legislative proposals related to state-shared revenues (local ad valorem tax reduction fund revenues, and motor vehicle and gas taxes), and local

economic conditions (influencing closely the sales tax revenue stream). Economic indicators used in preparing the financial plan and budget are included in the "Other Information" section of this document.

Forecasting revenues is one of the most difficult tasks the City has in preparing a budget. If assumptions are too optimistic, policy makers may adopt programs that will not be supported by actual revenues in the coming year. If assumptions are too pessimistic, the budget process becomes constrained by the need to reduce programs and expenditures, or to find new revenue sources, including tax increases.

The importance of revenue assumptions in the budget process is one reason assumptions are stated at the beginning of the General Fund presentation. They not only provide a bench mark for adjustments in the actual year of operation, but allow others to challenge and improve on them as the budget is being reviewed.

Prior Choices

The budget process is shaped by many prior policy decisions and guidelines that have been put in place by the City Council. For example, the Council has set a revenue reserve for the General Fund of not less than 5% and not more than 10% of annual revenues. This is thought to be a prudent "savings account" for unforeseen emergencies or shortfalls caused by revenue declines.

Also, programs supported in the current operating budget plan represent Council commitments that must be continually evaluated as to whether they should be sustained, altered or eliminated altogether.

Reallocations of personnel and equipment, and other modifications

involving level and method of service in ongoing programs must be undertaken with sensitivity to community preferences and to minimizing disruption to all involved in producing or receiving the service.

Debt obligations assumed to pay for the City's streets and bridges, water and sewer systems, park system, and facilities are another prior choice important in the budget development process. Property tax support for debt service, as a matter of City Council policy, amounts to roughly one-third of all property taxes paid by city tax payers.

Closely related to decisions on new debt obligations are the ongoing costs assumed with new capital projects. Future costs of heating and maintaining new buildings, and keeping roads and streets in good repair will add to the annual operating costs.

New Needs, Preferences, and Limitations

Finally, new needs and policy directions, as well as unexpected constraints, shape the over-all budget process. Among the most important on the agenda for the City have been public safety, and support for Community Policing and Neighborhood Initiatives. Meeting unexpected costs of programs mandated by the federal and state governments, as well as providing for future employee compensation, continue to be critical issues. These and other policy matters are addressed in the City Manager's letter, or policy message, which focuses the City Council and citizens on the important decisions encompassed in the recommended operating budget.

A GUIDE TO USING THIS 1995/96 ANNUAL BUDGET DOCUMENT

Organization

The budget document is systematically organized from front to back, and moves from the broadest perspective to the smallest detail.

The City Manager's Policy Message is the focal point of the entire document, and presents in policy format the issues facing the City along with the City Manager's recommendations for addressing these through the budget document. The Budget Process section that follows provides basic information about the process and calendar.

Summaries of Revenues and Expenditures are in the following section. Often called the City's "total operating budget," these summaries in fact are a combined presentation of many operating budgets (or legal funds) that are established as locally funded operations. The final summary in this section shows the **Total Sources and Expenditures by Department** (or by City organizational structure). Unlike the other presentations in this section, this one includes federal, state, and private programs, as well as those established as locally funded operations.

The largest section of the budget document contains **fund presentations and budgets**, by department (or organizational unit) within the fund. Each fund is introduced with a multi-year budget plan. Each department or unit then is introduced with **Highlights** of the budget for that organizational unit. Finally, the line-item budget and personal services

pages give account detail for the budget plan.

The final section of the budget document contains **Other Information**, and provides supplementary detail for the rest of the document.

Budget and Planning Documents

Altogether, several documents are produced to be used as tools in the financial planning and policy making process, and are available as references during the implementation of programs:

- **The City of Wichita Financial Plan** presents economic and financial assumptions, preliminary revenue projections, current-level expenditure estimates, and balances for five years into the future (available in February each calendar year).
- **The Proposed Annual Budget** contains the City Manager's detailed proposal to meet the City's operating needs for a two-year (continually rotating) period, along with revenue estimates and decision points for City Council action (published in early July). A shortened version is prepared for wider circulation and is called the **Proposed Annual Budget in Brief**.
- **The Adopted Annual Budget** contains the operating expenditure limits (by fund) approved by the City Council and certified to the state of Kansas for the coming calendar year (published in late November). The shortened version prepared for wider circulation is the **Adopted Annual Budget in Brief**.
- **The Performance Measures** document summarizes department service missions, performance objectives, and

performance measures. It is used as a means of assessing the efficiency and effectiveness of department work programs in providing services (published in late November).

- The **Capital Improvement Program** provides the ten-year program for planned capital projects and the means of financing them.

Fund Structure

The largest section of the budget document is organized according to the fund types and corresponds to the *Comprehensive Annual Financial Report* (CAFR). This format permits a fairly direct comparison of budget allocations and expenditures with financial reports.

In this budget document, department and other organizational unit budgets are presented within funds, which are presented in the following order:

Governmental Funds. Governmental funds are used to account for operations that rely mostly on current assets and current liabilities.

- The **General Fund** finances most current operations (other than those of the self-supporting proprietary funds). Fund operations are Police, Fire, Public Works, Park, Library, Art Museum, Law, Municipal Court, Finance, Health, Human Services, City Council, City Manager and General Government (Personnel, Public Information, Intergovernmental Affairs, Property Management, and Housing). Primary funding sources are property taxes, motor vehicle tax, franchise tax, state-shared revenues, and department generated user fees.

- The **Tourism and Convention Fund** supports tourist attractions from monies collected through the transient guest tax.
- The **Special Alcohol Programs Fund** receives state-shared alcohol liquor tax revenues, which are spent only for services or programs dealing with alcoholism and drug abuse prevention and education.
- The **Special Parks and Recreation Fund** receives state-shared alcohol liquor tax for the support of park and recreational services, programs, and facilities.
- The **Landfill Fund** receives income through a lease agreement with a private contractor, to support activities at refuse disposal sites and environmental management needs.
- The **Central Inspection Fund** utilizes permit and license fees to monitor and regulate compliance with City codes on building construction, housing maintenance, signs, and zoning.
- The **Property Management Fund** utilizes rental revenues and other earnings from City-owned properties to manage and dispose of them.
- The **State Office Building Fund** uses building and garage rent payments, and parking space revenues, to manage custodial and maintenance functions of the State Office Building.
- The **Debt Service Fund** accounts for the payment of interest and principal on long-term general obligation (GO) debt. Sources of funding include property taxes, special assessments, sales tax,

bond proceeds, interest earnings, and miscellaneous sources.

Enterprise Funds. These funds are used for government functions that are self-supporting. They belong to the group of funds called "proprietary," and are operated much like a business, with one balance sheet for all current expenses and long-term debt obligations, assets and liabilities, and depreciation. Enterprise funds are proprietary funds that provide services to the community at large, in contrast with internal service funds (another kind of proprietary fund that provides services within the City organization).

Each enterprise operation receives revenues from the sale of services or user fees. These operations do not receive tax support, except for the Metropolitan Transit Authority (MTA), which receives a subsidy from the General Fund.

The City has six enterprise funds:

- The **Wichita Airport** provides facilities for air transportation services for the public, business, and industry.
 - The **Golf Course System** provides four public golf facilities that are supported by user fees.
 - **Metropolitan Transit** provides economic bus service through regular route services and special charter services.
 - The **Sewer Utility** operates and maintains the sewer component of the combined Water and Sewer Department, including wastewater treatment plants.
 - The **Water Utility** operates and maintains the water component of the combined Water and Sewer Department, providing an adequate, quality supply of water from equus beds and Cheney reservoir, and the distribution throughout the city.
 - The **Storm Water Utility** is responsible for construction, reconstruction, and maintenance of the city's storm water system.
- Internal Service Funds.** These funds provide services for City departments at cost. Like enterprise funds (which provide services externally), internal service funds belong to the "proprietary" group of funds. They are operated like a business, with one balance sheet for all current expenses and long-term obligations.
- The City has five internal service funds:
- **Data Center** is responsible for coordination of the City's total office automation and data processing.
 - **Fleet and Buildings** includes the equipment motor pool and central maintenance facility.
 - **Self-Insurance** accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, employee liability, property damage, and general liability.
 - **Telecommunications** centralizes management of the large digital switch, long-distance usage, smaller telephone systems, and miscellaneous telecommunications.
 - **Stationery Stores** provides all departments with office supplies,

duplication and printing services, mail room service, photocopying, and microfilming at the most economical cost.

Trust Funds. Trust funds are used when the City is custodian of monies that are to be reserved and used for a special purpose. The budget document presents trust funds that are expended according to the conditions of the trusts.

- **The Wichita Employees' Retirement Fund** provides a pension program for noncommissioned employees. The City's contribution is budgeted within the operating departments.
- **The Police and Fire Retirement Fund** provides a pension program for commissioned Police and Fire personnel. The City's contribution to this pension program is budgeted within the operating department.
- **The Employee Training Fund** provides in-house training and workshops for all City employees and off-site training for General Fund personnel, when such training is not offered in-house.
- **The Wichita Intervention Program Fund** supports a program for first offenders charged with driving under the influence (DUI). Beginning in 1995, this fund will be discontinued, and the activity will be accounted for in the General Fund.
- **The Public Defender Program Fund** supports legal counsel to indigent citizens, and is funded by a surcharge on criminal and traffic cases in Municipal Court. Beginning in 1995, this fund will be discontinued, and the

activity will be accounted for in the General Fund.

- **The Cemeteries Trust Fund** uses interest earnings and charges for services to maintain Highland Park and Jamestown cemeteries.
- **The Environmental Management Trust Fund** receives revenues through the Landfill fees for current and future expenditures related to environmental management concerns.
- **The Tax Increment Financing Fund (TIF)** receives support from a property tax increment and potentially responsible parties in the Gilbert and Mosley site, to fund clean up of groundwater contamination.
- **The Trolleys Trust Fund** receives contributions, fares, and other revenues to provide operating and maintenance costs of this self-supporting operation.
- **The Financial Projects Trust Fund** provides for the management of the City's ongoing capital financing program as well as the administration of special financing projects.

The chart below provides a graphic representation of the fund structure of the City budget. Efforts have led to a consolidation of funds (for example, more than a dozen property tax-supported funds have now been consolidated into the General Fund and Debt Service Fund). Fund consolidation, along with automated data-system accounting, allows improved costing to programs (and cost recovery where appropriate) and maximizes City Council financial flexibility in policy making.

City Budget (Fund Structure)

Governmental	Enterprise	Internal Service	Trust
General	Airport	Data Center	Employees' Retirement System
Debt Service	Golf Course System	Fleet and Buildings	Police and Fire Retirement
Tourism and Convention	Metropolitan Transit	Telecommunications	Unemployment Claims
Special Alcohol and Drug Programs	Sewer Utility	Stationery Stores	WSU Management Trainee
Special Parks and Recreation	Water Utility	Self Insurance	Employee Training
Landfill	Storm Water Utility		Wichita Intervention Prog.
Central Inspection			Public Defender Prog.
Property Management			Cemeteries
State Office Building			Environmental Management
			Tax Increment Financing Dist. #1
			Financial Projects.
			Trolleys

